

AR53



Annual Report

MELTON
REAL ESTATE LTD.



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Land Development Department
Real Estate Investment Department
Offices and Senior Personnel

Brookwood Park Home Parade, Spruce Grove, Alberta



Hillington Court, Townhouse Complex, Edmonton, Alberta.



Grove Plaza Shopping Centre, Spruce Grove, Alberta.



Head Office A. E. Austin Co. Ltd., Vancouver, B.C.

ANNUAL MEETING

April 18th, at 8:00 p.m.

EDMONTON REAL ESTATE BOARD
Co-operative Listing Bureau Auditorium
10515 Princess Elizabeth Avenue
Edmonton, Alberta

DIRECTORS EXAMINE PLANS FOR GROVE PLAZA SHOPPING CENTRE



DIRECTORS: Left to right, W. G. Holmes, Sen. E. C. Manning, S. L. Melton, S. Beckhuson, J. R. Sherrin, G. R. Brosseau, B.A., LL.B., Absent L. G. Lemieux.

CORPORATE INFORMATION

OFFICERS

Stanley L. Melton	President
John R. Sherrin	Vice-President
William G. Holmes, C.A.	Secretary-Treasurer

HEAD OFFICE

Melton Building, 10310 Jasper Avenue
Edmonton, Alberta

AUDITORS

Willetts Macmahon & Co.

SOLICITORS

Field Hyndman

REGISTRAR AND TRANSFER AGENT

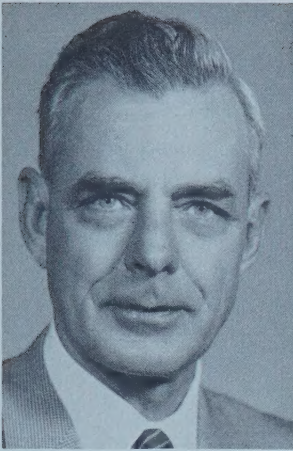
Royal Trust Company
Edmonton — Vancouver

BANKERS

Canadian Imperial Bank of Commerce

STOCK LISTED

Vancouver Stock Exchange



S. L. MELTON

PRESIDENT'S REPORT TO SHAREHOLDERS

On behalf of the Board of Directors I am pleased to submit the Annual Report on your Company's operations for the year ending December 31st, 1971.

Your Company experienced a year of substantial growth. There was a good supply of mortgage funds and interest rates were lower than the preceding year which greatly assisted an increase in the number of new housing starts over the preceding year.

Consolidated net earnings of the Company for the year after provision for current and deferred income tax were \$516,892 representing 25c a share. The cash flow was 47c per share.

The net earnings for 1971 show an increase of 128% over the preceding year caused primarily by the increase in the number of lots sold in subdivisions we are developing and an increase in volume of real estate sales.

In the Real Estate Sales Division the Saskatoon Branch had the largest percentage increase in sales, reflecting the improved economy of Saskatchewan.

The total assets of the Company increased by almost 50% during the year.

During the year the Company offered to our Shareholders \$600,000 worth of 10% Debentures in units of \$500 with a Warrant to purchase 300 shares, and 85% of this offering was subscribed to.

More detailed information on the activities of the Company will be found throughout the report.

During 1971 we expanded our activities to British Columbia through the acquisition of A. E. Austin & Co. Ltd., a long, well established and highly regarded real estate firm in the City of Vancouver.

We secured an option to purchase 920 acres of land in north west Calgary, 600 acres is within the City boundaries and 320 acres is immediately adjacent to the City, and we are confident that this will be a very worthwhile and profitable investment for the Company.

In addition, during 1971 we commenced negotiations to acquire a 50% interest in 250 acres in the City of Kamloops in British Columbia. This transaction was completed after the year end.

Your Directors are optimistic for the operation of the Company and are projecting that net earnings for 1972 will increase over the previous year.

Your Directors have approved the payment of a dividend of 6c a share payable June 30th, 1972 to all Shareholders of record as at June 15th, 1972.

We wish to express our thanks and appreciation to all our personnel for their sincere and dedicated efforts on behalf of the Company.

And our thanks to our Shareholders for their interest and support.

ON BEHALF OF THE BOARD OF DIRECTORS

S. L. Melton
S. L. Melton

Real estate

Melton earnings jump by 127%

Melton Real Estate Ltd. reports an unaudited share earning of 25 cents for 1971, an increase of 127 per cent over the previous year.

The shareholders letter prior to the company's annual report said the sale of real estate for others was in excess of \$80 million — an increase of 43 per cent.

The company's land acquisition program has developed to an option to purchase and

we intend to see that our company grows with Western Canada and shares in the many opportunities that will be available," said Stan Melton, president of Melton's Real Estate Ltd.

Melton home complex wins design award

Melton Real Estate Ltd.'s Hillington Court town house complex has been selected a winner of a residential design award by the Canadian Housing Design Council.

The council announced a total of 27 awards and 19 entries selected for honorable mention this week out of 240 entries in various categories from across Canada.

Aimed at encouraging improved design of housing in Canada, the Council's awards program was instituted in 1957.

The 1971 competition was open to all forms of housing constructed in the past five years.

Hillington

Street ap...

one of +10

th- 18

17 17

9 65 +8

60 68 +5

37 39 1/2 + 1/2

22 47 +12

137 19 +1

19 300 +7 1/2

6 54 +1

by 1/4 10 1/4

site 10 +1 1/2

rela 6 19 1/2 + 1/2

unit 34 -5

lent 70

De 1/2 21

of C 22 + 1/2

open 7 1/2

Cont. 30 -1

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sign
their over 600 Spruce Grove
Development.

Eight homes by four build-
ers. Boychuck Construction
Ltd., Willowbrook Homes
(1964) Ltd., Stanton Develop-
ment Ltd. and S & S (Edmon-
ton) Ltd., will be fea-
tured in the parade for
Spruce Grove Park sub-

Home show parade
for Spruce Grove

of the re-
Broxton
Brookwood
developed in

300 of
all be de-
these
units
be a
family

Applications are
invited from industry
to locate in a prop-
acre industrial park,
Highway 16.

The town of Spruce
about 11 miles west
Edmonton, is north of the
12ay.
394 green belt of trees
separate the
Brookwood subdivision
the original town and
ing and proposed mo-
home parks, to its south.

Melton men meet to study 5 year plan

A comprehensive company five year plan for growth is being examined and discussed by Melton Real Estate Ltd. executives at a seminar this weekend.

Managers from Melton and associated companies in the group from Vancouver, Saskatoon and Calgary, as well as Edmonton, gathered Friday in the Juniper Lodge Motel, Lacombe for the seminar which lasts through today.

With company president S. L. Melton they are looking in detail at the plan, which has been developed from projections of the company's growth in 1975.

were 70 per cent higher — mainly reflecting its activities in Spruce Grove and Leduc. Rental income was down 19 per cent, but the same period last year included profits on the sale of two rental properties.

Melton earnings

Earnings of 20 cents per share, nearly double 1970 earnings of 11 cents a share are predicted for Melton Real Estate Ltd. Following the company's quarterly earnings report, the company's stock price rose to \$6 1/2.

Stock	Sales	High	Low	Close
Sun B	75	33 1/2	36 1/2	36 1/2
Thomas Nat	2700	53	53	53
U Equities	1000	225	225	225
Wardair	500	225	225	225
W Bcast P	1000	180	175	180
W Realty	2200	38 1/2	44	44
W Works	100	59 1/2	9 1/2	9 1/2
Imp Mar rt	2100	30	26	26
Doman wis	100	32	32	32
Imp Mar A	10500	1	1	1
Int Hydro B	6100	60	58 1/2	59
Int Vis A	1000	175	175	175
Melt A wt	15000	220	220	220
Ok Helic wt	200	450	450	450
W Coast Lwts	200	450	450	450
Cherif	10	10	10	10
Cockfield	200	50	50	50
Cominco	1400	300	275	275
Con Bath	180	180	180	180
C Text	1275	55	55	55
Cons Gas	3600	520	520	520
Con Glass	100	13	13	13
Cr Fonc	80	556	556	556

CANADIAN

Stock	Sales	High	Low	Close
Ahed Music	100	55 1/2	55 1/2	55 1/2
Am Met	100	165	165	165
Aquabl	2700	300	275	275
Bell Stand	1400	300	275	275
Berncam	1100	490	480	480
Blue Bon	800	190	190	190
C Secur A	500	140	140	140
Com Hold	1800	205	200	200
Commodor	365	56 1/2	6	6
Crawford Al	600	190	185	185
Deltan	2250	58	7	7
Domco	130	450	450	450
Drum Die	5100	34	30	30
C W	190	25	25	25
C W	500	290	280	280
w D	500	10	10	10
w D	500	80	80	80
w D	200	450	450	450
w D	4070	57 1/2	7 1/2	7 1/2
w D	100	64	64	64
Sec	555	430	425	425
w D	500	150	150	150
w D	1400	280	270	270
w D	100	515	15	15
w D	225	143 1/4	14 1/4	14 1/4
Mines and Oils	700	305	305	305
4000	51	50	50	50
21600	500	450	500	500
6000	8	6 1/2	1	1
3500	15 1/2	15 1/2	15 1/2	15 1/2
3000	62	60	60	60
100	60	40	40	40
100	335	325	330	330
100	37	37	37	37
100	300	300	300	300
100	26	23	23	23

Earnings jump 127 per cent

Melton Real Estate Ltd., of Edmonton, reported record earnings of 25 cents a share last year, an increase of 127 per cent over those for 1970. The company said unaudited figures show the company sold more than \$80 million worth of real estate for its customers, a 43 per cent increase.

N REAL ESTATE COAST REALTOR

Melton six-month profit \$181,038

ate Ltd. has two Vancouver office and engages in a wide range of real estate and development activities. The acquisition, it explains, gives Melton's a sales force of 225 in offices in Edmonton, Calgary, Vancouver and

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\$31,391 or 4 cents a share a year earlier. Sales were \$3,327,476, up from \$2,583,648.

Ahed Music

Ahed Music Corp. Ltd. of Edmonton reports unaudited

Philip G. Anderson, president, says record royalties contributed substantially to the higher profit. Since sales normally peak in the fourth quarter, he expects profit for the year to be well above

Spruce Crest

Financial Report



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Melton men meet

The board of directors of
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meeting for the first time
outside the city for
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The December 6 meeting
will be held in Van-
couver, reflecting Mel-
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MELTON REAL ESTATE LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
Income		
Gross revenue from commissions, fees and property management	3,370,282	2,357,109
Profit on sale of real estate	736,270	158,543
Rental income	268,918	250,843
Mortgage interest and discounts	206,663	181,817
Other	12,309	8,756
	<u>4,594,442</u>	<u>2,957,068</u>
Expenses		
Operating expenses	3,203,987	2,246,558
Property operating expenses	101,561	83,812
Interest	161,200	133,316
Depreciation	56,414	43,956
Loss on investments	36,224	—
	<u>3,559,386</u>	<u>2,507,642</u>
Income before income taxes	<u>1,035,056</u>	<u>449,426</u>
Provision for income taxes — Note 6		
Current	156,914	155,448
Deferred	361,250	68,221
	<u>518,164</u>	<u>223,669</u>
Net income	<u>\$ 516,892</u>	<u>\$ 225,757</u>
Earnings per share		
Weighted average of number of shares outstanding during each year	\$.25	\$.11

Real estate

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MELTON REAL ESTATE LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1971

(with comparative figures for 1970)

ASSETS

	<u>1971</u>	<u>1970</u>
Accounts Receivable:		
Land Sales	1,924,983	271,047
Other	159,088	87,475
Real Estate Held for Resale — at cost — Note 2	2,993,617	1,729,663
Prepaid Expenses and Deposits	10,085	7,240
Mortgages and Notes	920,254	1,402,892
Investments — Notes 1 and 3	386,377	486,618
Rental Properties, complete and in progress, other fixtures and leaseholds, at cost, less accumulated depreciation — Note 4	3,989,820	2,950,292
Deferred Financing Costs	11,863	11,214
Goodwill	251,301	181,505
	<u>\$10,647,388</u>	<u>\$ 7,127,946</u>

ON BEHALF OF THE BOARD:

S. L. Melton

Director

W. L. Holmes

Director

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LIABILITIES AND SHAREHOLDERS' EQUITY

	1971	1970
Bank Advances — Note 5	380,602	189,028
Accounts and Notes Payable	291,742	381,034
Provision for Land Development Costs	1,329,368	193,481
Income Taxes Payable	3,675	47,916
Agreements Payable on Real Estate Held for Resale — Note 7	554,042	576,702
Deferred Income Taxes — Note 6	583,446	223,032
Mortgages Payable on Rental Properties — Note 7	2,733,590	1,674,812
10% Debentures Payable, Series A — Note 8	1,111,500	600,000
Total liabilities	6,987,265	3,886,005
Shareholders' Equity		
Share capital — Note 9		
Authorized — 3,000,000 shares of no par value		
Issued — 1970 — 2,033,503 shares		
— 1971 — 2,035,303 shares	1,579,623	1,577,283
Retained earnings	2,079,800	1,664,658
	3,659,423	3,241,941
	\$10,647,388	\$ 7,127,946

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MELTON REAL ESTATE LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the year ended December 31, 1971
(with comparative figures for 1970)

	1971	1970
Balance, beginning of year	1,664,658	1,438,901
Net income for the year	516,892	225,757
	2,181,550	1,664,658
Dividends paid	101,750	—
Balance, end of year	\$ 2,079,800	\$ 1,664,658

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MELTON REAL ESTATE LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND USE OF CASH

For the year ended December 31, 1971

Source of Cash

Net income per financial statements	516,892
Add: Items not requiring use of cash	
Deferred income taxes	361,250
Depreciation	56,414
Other	26,164
Cash from operations	960,720
Mortgage proceeds on rental properties	1,069,179
Net increase in other liabilities	1,002,354
Issue of 10% debenture, Series A	511,500
Reduction in mortgages receivable — net	472,392
Proceeds from agreements payable	219,460
Proceeds from investments	80,239
Issue of shares — exercise of warrants	2,340
Total cash provided	4,318,184

Use of Cash

Increase in accounts receivable	1,729,418
Increase in real estate held for resale	1,252,154
Additions to rental properties and other fixed assets	1,095,942
Repayment of long-term debt	252,521
Dividends	101,750
Goodwill	69,796
Net increase in other assets	8,177
Total cash used	4,509,758

Excess of use of cash over source of cash

represented by increase in bank advances \$ 191,574

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MELTON REAL ESTATE LTD. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1971

Note 1 — Principals of Consolidation

The accompanying financial statements do not include the assets, liabilities, and profits of a subsidiary company, Trans-Canada Joint Mortgages Corporation Ltd., which is not consolidated because of the different nature of its business.

Note 2 — Real Estate Held for Resale

Real estate held for resale consists of:

	1971	1970
Land — at cost	1,392,105	1,313,215
Interest and property taxes	128,314	104,306
Development costs	1,473,198	312,142
	<u>\$ 2,993,617</u>	<u>\$ 1,729,663</u>

Note 3 — Investments

Investments are as follows:

	1971	1970
Investment in subsidiary company		
— at cost	89,251	89,251
Advances to joint ventures and partnerships — equity basis	287,162	279,966
Other investments — at the lower of cost or net realizable value	9,964	117,401
	<u>\$ 386,377</u>	<u>\$ 486,618</u>

Note 4 — Rental Properties, Complete and In Progress, Other Fixtures and Leaseholds

These assets and related depreciation comprise:

	Cost	1971 Accumulated Depreciation	Net	1970 Net
Rental Properties				
Completed				
Land	627,000	—	627,000	703,076
Buildings	3,362,804	132,119	3,230,685	1,009,766
Under construction				
Land	—	—	—	17,005
Buildings	—	—	—	1,171,720
Furniture and leasehold improvements	267,766	135,631	132,135	48,725
	<u>\$ 4,257,370</u>	<u>267,750</u>	<u>3,989,620</u>	<u>2,950,292</u>

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MELTON REAL ESTATE LTD. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 1971

Note 5 — Bank Advances

The company has assigned its accounts receivable as security for the bank advances.

Note 6 — Deferred Income Taxes

On a cumulative basis income taxes payable have been reduced by \$583,446 by deferring profits on sale of real estate and by claiming expenses for tax purposes, such as depreciation and carrying costs of real estate in excess of amounts recorded in the accounts. This reduction is applicable to those future years in which these amounts already claimed for tax purposes will be charged against income and accordingly is included in the balance sheet as "Deferred Income Taxes".

Note 7 — Principal Payments on Long-term Debt

The principal payments due on long-term debt during the next five years are as follows:

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
Agreements payable on real estate held for resale	251,388	82,100	82,300	54,400	42,700
Mortgages payable on rental properties	<u>29,740</u>	<u>66,372</u>	<u>36,482</u>	<u>499,353</u>	<u>42,454</u>
	<u>\$281,128</u>	<u>148,472</u>	<u>118,782</u>	<u>553,753</u>	<u>85,154</u>

Note 8 — 10% Debenture, Series A

The Series A debentures are secured by a deed of trust and mortgage containing a first floating charge on the undertaking and all the property and assets of the company. The principal of each debenture will mature 25% on July 31 in each of the years 1973 to 1976 inclusive.

The Series A debentures are redeemable in whole or in part at the following percentage of the principal amount plus accrued interest to the date of first redemption, if redeemed in the twelve months ending July 31 in each of the following years:

1973	103%
1974	102%
1975	101%

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The shareholders letter

we intend to see that our company grows with Western Canada and shares in the many opportunities that will be available," said Stan

Melton men meet to study 5 year plan

A comprehensive company five year plan for growth is being examined and discussed by Melton Real Estate executives at a semi-

were 70 per cent higher — mainly reflecting its activities in Spruce Grove and Leduc. Rental income was down 19 per cent, but the same period last year included profits on the sale of

MELTON BUYS

Melton Real Estate today announced it has acquired a Vancouver-based real estate organization. The announcement comes after Melton's has been buying shares of the company and Co. Ltd. for some time.

MELTON REAL ESTATE LTD. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

December 31, 1971

Melton Real Estate Ltd. has the right to purchase debenture Series A in the market or by private contract at prices not exceeding the above percentages of the principal amount plus accrued interest and cost of purchase. Each \$500 debenture carries a share purchase warrant for 300 common shares. Bearers of the warrant may purchase common shares in the company at the following terms:

Price	Date
\$1.30	August 31, 1973
1.50	August 31, 1974
1.75	August 31, 1975
2.00	August 31, 1976

Note 9 — Share Capital

672,300 shares are reserved for issue to bearers of warrants. During the year bearers of share purchase warrants converted their warrants into 1,800 shares for a consideration of \$2,340.

Note 10 — Dividend Restrictions

The indenture under which the 10% debentures, Series A, were issued provides that so long as any debentures are outstanding, the Company will not pay any dividends which would have the effect of reducing consolidated retained earnings of the Company and its subsidiaries below \$1,438,901.

Note 11 — Remuneration Received by Directors and Officers

Salaries and Commissions	98,271
Directors' Fees	5,750
	<u>\$104,021</u>

Note 12 — Contingent Asset

The company has a contingent asset arising from agreements which gives the company the right to purchase certain lots, to be derived from the future sub-division of 550 acres of land in the City of Edmonton, at a fixed price substantially lower than the present market value of the lots.

N REAL ESTATE Melton six-month profit \$181,038 COAST REALTOR

Melton Real Estate Ltd. of Edmonton reports consolidated profit for the six months ended Aug. 31, 1971, of \$181,038, or 7 cents a share, compared with \$120,731 or 6 cents a year earlier. Revenue was \$260,202, compared with \$656,864.

The board of directors of Melton Real Estate Ltd., is to meet outside the city for the first time. The December 6 meeting will be held in Vancouver, reflecting Melton's sales in that city.

The acquisition, it explains, will be held in Vancouver, reflecting Melton's sales in that city.

ended Aug. 31, compared with \$120,731 or 6 cents a year earlier. Revenue was \$260,202, compared with \$656,864.

\$31,391 or 4 cents a share a year earlier. Sales were \$3,327,476, up from \$2,583,648.

Philip G. Anderson, president, says record royalties contributed substantially to the higher profit. Since sales normally peak in the fourth quarter, he expects profit for the year to be well above

Ahed Music

Ahed Music Corp. Ltd. of Edmonton reports unaudited

Spruce Creek

WILLETTS MACMAHON & COMPANY

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
Melton Real Estate Ltd.

We have examined the consolidated balance sheet of Melton Real Estate Ltd. as at December 31, 1971 and the consolidated statements of income and retained earnings and source and use of cash for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the consolidated financial position of the company as at December 31, 1971 and the results of its operations and source and use of cash for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Willetts Macmahon & Company

Chartered Accountants.

EDMONTON, Alberta
March 8, 1972.

Real estate

Melton earnings jump by 127%

Melton Real Estate Ltd. reports an unaudited share earning of 25 cents for 1971, an increase of 127 per cent over the previous year.

The shareholders letter

we intend to see that our company grows with Western Canada and shares in the many opportunities that will be available," said Stan

Melton men meet to study 5 year plan

A comprehensive company five year plan for growth is being examined and discussed by Melton Real Es-

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profits on the sale of Melton Real today announced required a Van state organization The announcement Melton's has the shares of and Co, Ltd

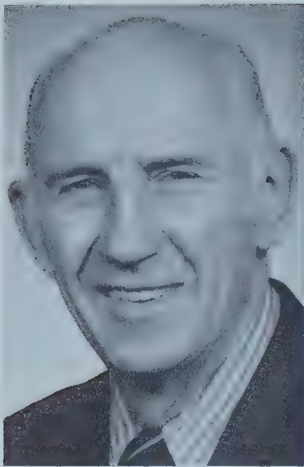
MELT
BUYS

Financial Report



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REAL ESTATE SALES DIVISION REPORT



J. R. SHERRIN

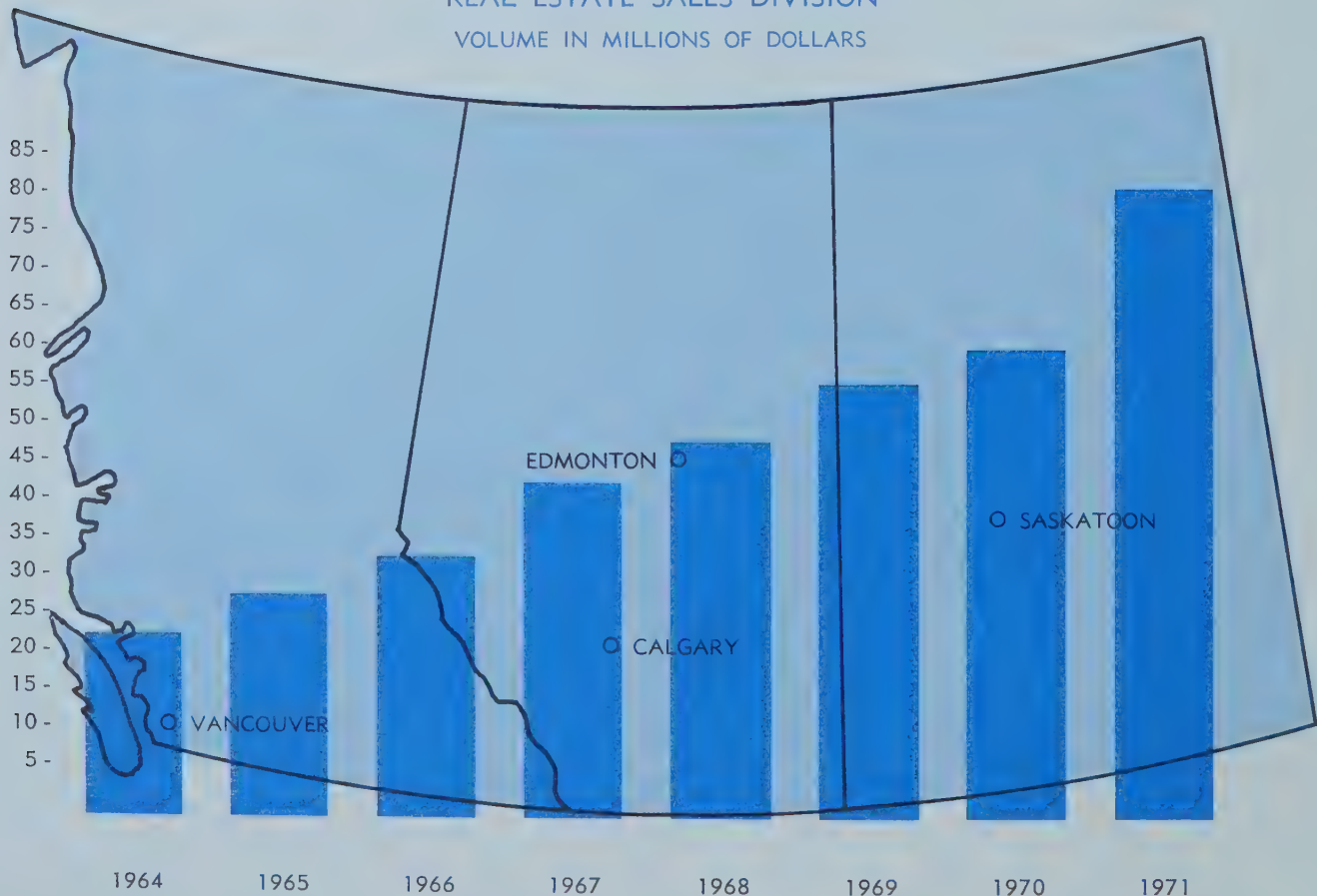
1971 was an excellent year for the Real Estate Sales Division. The tight economic conditions of 1970 eased considerably and coupled with a more buoyant economy, resulted in all time record production for this Division of the Company.

Our total sales volume was in excess of \$80,000,000 a 43% increase over 1970 and net earnings from this Division were 77% over 1970. Sales personnel increased from 150 to 240. Both volume and personnel increases were due in part to the acquisition of a Vancouver Company, A. E. Austin & Co. Ltd. in April. This acquisition brings the total number of offices throughout Western Canada to sixteen. Four senior managerial appointments were made from within the Company and a New Home Construction Department was opened in Calgary.

Sales of Commercial and Industrial real estate showed a steady increase in spite of some reluctance to invest shown by investors and developers due to uncertainty caused by the proposed Federal Government Tax Legislation.

The outlook for 1972 appears most promising and the Real Estate Sales Division looks forward to increased sales and profits during 1972.

REAL ESTATE SALES DIVISION
VOLUME IN MILLIONS OF DOLLARS



REAL ESTATE SALES DIVISION REPORT

EDMONTON



H. G. DUNDAS

Real Estate sales in Edmonton increased 19% over the preceding year. We were the leader in sales on the Multiple Listing Service for the 11th consecutive year.

Increased interest in the purchase of new homes in satellite communities was one of the highlights of our residential sales in 1971. Sales of lots and homes in subdivisions of Brookwood Park in Spruce Grove and Corinthia Park in Leduc, which your Company is developing were extremely brisk.

CALGARY



W. G. BENNETT

Real estate sales in Calgary increased 23% over 1970. Easing of financial restraints allowed for stepped-up sales in the lower and middle price ranged homes during 1971. The addition of a New Home Construction Department provides greater service for our customers.

SASKATOON



M. D. DAMBERGER

The overall recovery of economic conditions together with expanded sales staff was responsible for a gratifying resurgence of sales in Saskatoon during 1971. Our sales increased 74% over preceding year and we are optimistic that this upward trend will continue.

VANCOUVER



W. T. MOONEY

A. E. Austin & Co. Ltd., our wholly owned subsidiary in Vancouver, increased their sales in 1971, 19% over the comparable 9 month period of the preceding year. The immediate effect of referrals between our other centres of operation is already apparent. It is our intention to expand this operation by opening two new offices in 1972.



J. McCracken

LAND DEVELOPMENT DEPARTMENT

The function of this Department is to acquire and develop land for residential, commercial and industrial uses on behalf of the Company. The following is a summary of land owned and under option by the Company, and the status of the respective projects.

EDMONTON (West Jasper Place)

25% Interest in 360 Acres

All lots in the first stage known as Callingwood Subdivision are sold and preliminary plans for the second stage of Thorncliff and Primrose Subdivisions have been approved, and it is our intention to have lots available for sale in this area in 1972.

Plans are being prepared for Westridge Subdivision, the next stage of development. This area is being designed for prime residential development.

EDMONTON (Riverbend/Terwillegar Heights)

Option $\frac{1}{3}$ Residential Lots

The Company has an Option to purchase $\frac{1}{3}$ of the Residential lots in 550 acres at a fixed price substantially below present market value. Negotiations are now in progress with the City to have lots available for sale in late 1972.

EDMONTON (Carleton Square)

37 $\frac{1}{2}$ % Interest in 83 Acres

This is an Industrial Subdivision in North West Edmonton and parcels are now available for sale.

CALGARY

Option — 920 Acres

A Feasibility Study is in progress. Subject to the results being satisfactory, the Option will be exercised in 1972 and development commenced in late 1972 or early 1973.

This is prime land and it is anticipated that development will include areas for Commercial and Multi-Family use in addition to Single Family lots.

KAMLOOPS, B.C.

50% Interest in 250 Acres

This is a joint venture with the Management being done by this Department. Preliminary planning and engineering studies are now being done with the objective of marketing residential lots in 1972.

FORT ST. JOHN, B.C.

25% Interest in 273 Acres

This land is being held for resale for Industrial Development.

TOWN OF SPRUCE GROVE

Land under development	160 Acres	Under Option	310 Acres
Land held for development	402 Acres	50% Interest in	150 Acres

The sale of lots in Brookwood Park Subdivision far exceeded our forecast. As at December 31st, 1971, 315 single family lots were sold, leaving 194 single family, plus some multi-family sites, available for construction in early 1972. All underground services have been installed and construction of surface improvements is well advanced in Stage 1.

In view of the activity here in 1971, we are proceeding with the preparation of preliminary plans for Subdivision for our next stage of development, west of Brookwood Park.

The Outline Plan for Grove Industrial Park (109 acres) has been approved and we are negotiating with the Town for the servicing of this land.

TOWN OF LEDUC

Land under development	76 Acres	Land held for development	258 Acres
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Sale of lots in Corinthia Park have been very good, and during 1971, 211 single family lots and 22 duplex lots were sold, leaving 45 single family lots and a multi-family site available for early 1972. Plans are being prepared for Stage III of this Subdivision.

REAL ESTATE INVESTMENT DEPARTMENT

The Real Estate Investment Department is responsible for the acquisition and development of income producing properties on behalf of the Company.

Our investment in rental properties increased by over one million dollars during the year. At the present time we own five residential revenue properties consisting of 183 units and three income producing commercial properties representing approximately 50,000 sq. ft.

In 1971 preparatory work was started on the \$650,000 shopping centre at Spruce Grove, being part of the planned program of expansion for this Department.

Planning was initiated during the year for the development in 1972 of more income producing properties, as we intend to increase our investment in income producing real estate.

OFFICES AND SENIOR PERSONNEL

Head Office -----
 Melton Building,
 10310 Jasper Avenue, Edmonton, Phone 424-7221

President -----	S. L. Melton	
Vice President & General Manager Brokerage Division -----	J. R. Sherrin	
Secretary-Treasurer -----	W. G. Holmes, C.A.	
Investment Division -----	S. L. Melton	Manager
Land Development Department -----	J. McCracken	Manager
Advertising & Public Relations -----	B. J. Shepherd	Manager
Mortgage Department -----	R. Holthuysen	Manager

EDMONTON RESIDENTIAL BRANCH

General Manager, H. G. Dundas, 10310 Jasper Avenue, 424-7221

<p>New Home Sales Department 10310 Jasper Avenue Ian McKinnon</p> <p>Jasper Place Office 15512 Stony Plain Road Bill Chadwick</p> <p>Glenora Office 12418 - 102 Avenue David Crawford</p> <p>North West Office 13160 - 118 Avenue Garnet McTaggart</p> <p>Norwood Office 8308 - 118 Avenue Sam Dudar</p>	<p>South East Office 9006 - 75 Street Tom Henderson</p> <p>South West Office 10820 - 82 Avenue Don Clark</p> <p>St. Albert 192 St. Albert Drive</p> <p>Commercial & Industrial Department 10310 Jasper Avenue Pat Turner</p> <p>Property Management Development 10310 Jasper Avenue Albert Connelly</p> <p>Appraisal Department 10310 Jasper Avenue Jim MacNaught</p>
<p>424-7221 Manager</p> <p>489-2551 Manager</p> <p>488-0121 Manager</p> <p>455-9191 Manager</p> <p>479-3231 Manager</p>	<p>466-1147 Manager</p> <p>439-3995 Manager</p> <p>599-5595</p> <p>424-7221 Manager</p> <p>424-7221 Manager</p> <p>424-7221 Manager</p>

CALGARY RESIDENTIAL BRANCH

General Manager, W. G. Bennett, 534 - 8th Avenue S.W., 266-8671

<p>North West Office 14 Stadium Shopping Centre Dan Danilowich</p> <p>North Hill Office 4, 1818 Centre Street North George Phelps</p> <p>South West Office 6 Glamorgan Shopping Centre 37 Street & Richmond Road S.W. Tom Heisler</p> <p>Macleod Trail Office 8820 Macleod Trail S.W. Bill Reid</p>	<p>17 Avenue Office 320 - 17 Avenue S.W. Ernie DeChamplain</p> <p>Commercial & Industrial Department 534 - 8th Avenue S.W. Carl Warren</p> <p>Property Management Department Appraisal Department 534 - 8th Avenue S.W. Ira Knechtel</p> <p>Melton Homes Department 534 - 8th Avenue S.W. Orest Harasym</p>
<p>289-8406 Manager</p> <p>276-2281 Manager</p> <p>249-5551 Manager</p> <p>252-1181 Manager</p>	<p>264-2144 Manager</p> <p>266-8671 Manager</p> <p>263-6963 Manager</p> <p>266-8671 Manager</p>

SASKATOON RESIDENTIAL BRANCH

<p>Main Office 119 - 23 Street East</p>	<p>653-3636</p>	<p>M. D. Damberger General Manager</p>
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VANCOUVER RESIDENTIAL BRANCH

A. E. Austin & Co. Ltd.

General Manager, W. T. Mooney, 1435 Kingsway, 879-7571

<p>Kingsway 'A' Office 1435 Kingsway</p> <p>Kingsway 'B' Office 1435 Kingsway Bert Merrin</p>	<p>North Vancouver Office 1348 Marine Drive</p> <p>Coquitlam Office 1054B Austin Road Bruce Hutchinson</p>
<p>879-7571 Manager</p> <p>879-7571 Manager</p>	<p>985-9544</p> <p>939-4431 Manager</p>

CONSOLIDATED STATEMENT OF INCOME
For the Six Months Ended June 30, 1971
(With Comparative Figures for 1970)
(Unaudited)

	1971	1970
INCOME:		Adjusted for Comparison
Gross revenue from commissions, fees and property management	\$1,412,301	\$1,056,433
Profit on sale of real estate	286,899	200,742
Rental Income	125,938	124,299
Mortgage interest and discounts	65,010	65,187
	<u>\$1,890,148</u>	<u>1,446,661</u>
EXPENSES:		
Operating expenses	\$1,350,445	\$1,030,378
Property operating expenses	48,025	40,224
Interest	62,361	77,389
Depreciation	20,695	19,197
Provision for loss on investment	31,800	—
	<u>\$1,513,326</u>	<u>\$1,167,188</u>
Income before income taxes	376,822	279,473
Provision for income taxes		
Current	134,003	126,583
Deferred	61,781	13,539
	<u>195,784</u>	<u>140,122</u>
NET INCOME	<u>\$ 181,038</u>	<u>\$ 139,351</u>
Earnings per share	.09	.07

CONSOLIDATED STATEMENT OF SOURCE AND USE OF CASH
For the Six Months Ended June 30, 1971
(Unaudited)

SOURCE		\$ 181,038
Net earnings for the period		20,695
Add: Items not requiring a use of cash		61,781
Depreciation		51,172
Deferred income taxes		314,686
Other		76,336
Deduct: share of profits of affiliates		239,350
Cash from operations		912,654
Net increase in other liabilities		653,425
Mortgage proceeds on rental properties		106,264
Proceeds from other investments		101,144
Reduction of mortgages receivable - net		390
Issue of shares - exercise of warrants		\$2,013,227
USE OF CASH		
Additions to rental properties and other fixed assets		927,740
Increase in real estate held for resale		574,408
Increase in accounts receivable		610,717
Purchase of other investments		187,570
Repayment of long term debt		28,415
		<u>\$2,323,850</u>
Decrease in cash		<u>\$ 310,623</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
For the Six Months Ended June 30, 1971
(with comparative figures for 1970)
(Unaudited)

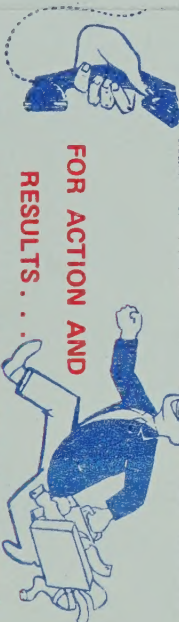
	1971	1970
Balance, beginning of year	\$1,664,658	\$1,410,873
Add: Net income for the period	181,038	139,351
	<u>1,845,696</u>	<u>1,550,224</u>
Less: Dividend declared	101,750	—
Balance, end of period	<u>\$1,743,946</u>	<u>\$1,550,224</u>

OFFICERS & DIRECTORS

S.L. MELTON President, Melton Real Estate Ltd.
J.R. SHERRIN Vice-President, Melton Real Estate Ltd.
W.G. HOLMES, C.A. Secretary-Treasurer, Melton Real Estate Ltd.
S.M. BECKHUSON Vice-President, Trans-Canada Joint Mortgages Corporation Ltd.
G.R. BROSEAU, B.A., LL.B. Senior Partner - Brosseau, Maccagno
L.G. LEMIEUX President, Gateway Building Supplies
HONOURABLE E.C. MANNING, P.C., C.C. President, M & M Systems Research Ltd.

OFFICES

EDMONTON	
Head Office	Phone 424-7221
New Home Sales	Phone 424-7221
Glenora	Phone 488-0121
Jasper Place	Phone 489-2551
Norwood	Phone 479-3231
North West	Phone 455-9191
South East	Phone 466-1147
South West	Phone 439-3995
CALGARY	
Main	Phone 266-8671
Macleod Trail	Phone 252-1181
North Hill	Phone 276-2281
North West	Phone 289-8406
South West	Phone 249-5551
17th Avenue	Phone 264-2144
VANCOUVER — A.E. AUSTIN & CO. LTD.	
Head Office, Kingsway	Phone 879-7571
North Vancouver	Phone 985-9544
SASKATOON	
Main	Phone 653-3636



**FOR ACTION AND RESULTS...
CALL A MELTON MAN & START PACKING**

AR53

MELTON

REAL ESTATE LTD.

REPORT TO SHAREHOLDERS
for the six months ended June 30, 1971

REPORT TO THE SHAREHOLDERS:

I am pleased to report on the operations of the Company for the first 6 months of 1971 which reflect earnings of 9 cents a share as compared to 7 cents a share for the first 6 months of 1970. Net income after provision for income tax amounted to \$181,038, an increase of \$41,687, 30% over earnings for the first 6 months of 1970.

Commission Income — The income derived from listing and sale of real estate, property management and appraisal is 56% higher than earnings for same period in 1970.

The statements reflect 3 month operations of A.E. Austin & Co. Ltd. This is the Vancouver company we acquired as part of our overall plan to expand to all major centres in western Canada. The acquisition was effective April 1st, 1971 and we are very satisfied with the operations to date of this long established and highly respected company.

With the present buoyant real estate market, and our increased number of experienced sales personnel we anticipate that net earnings from this Division will be higher in the last six months than for the first six months which was a record six month period for this Division with gross sales in excess of 36 Million Dollars.

Sale of Real Estate — Income from the development and sale of land is 70% greater than for corresponding period of last year. This is due primarily to the attractiveness and benefits of the subdivisions we are developing in the Town of Spruce Grove and the Town of Leduc by providing low cost serviced lots for the construction of low cost single family homes, and the development in West Jasper Place of serviced lots for higher priced homes. We anticipate that this phase of our business will earn an equal amount for the company in the last 6 months of the year.

Rental Income — Income from this source is approximately 19% below amount earned for the same period of last year which included profits on the sale of two rental properties. Hillington Court has been completed with 20% of the suites rented to date. We are actively working on development of other income producing real estate.

Operating Expense — We have maintained the same ratio of operating expenses to income as for the corresponding period of last year.

Debentures — Your Directors have approved the offering to our Shareholders of the balance of the 10% Debentures amounting to \$600,000. in units of \$500. with warrants to purchase 300 shares. We anticipate that the offering will be fully subscribed and the funds will be used for the purchase of land for development and construction of income producing properties.

Dividends — The Directors have approved payment of a dividend of 05¢ per share payable on September 15th, 1971 to all Shareholders of record as at August 31st, 1971.

Balance of Year — We anticipate that net earnings for the last half of 1971 will be greater than the amount earned in the first 6 months. If this is achieved the company will earn in excess of 18¢ per share for the year.

Respectfully submitted,

On behalf of the Board

A. L. Melton
S. L. Melton.

Melton Real Estate Ltd. and Subsidiary Companies

CONSOLIDATED BALANCE SHEET

June 30, 1971

(With Comparative Figures for 1970)

(Unaudited)

ASSETS		LIABILITIES AND SHAREHOLDERS' EQUITY	
	1971	1970	1970
Cash	35,349	—	350,723
Accounts Receivable	1,108,097	605,454	375,777
Real Estate held for Resale	2,335,739	1,774,894	101,750
Prepaid Expenses and Deposits	6,190	4,781	—
Mortgages and Notes Receivable	1,269,948	1,390,583	1,307,969
Investments	506,942	597,270	72,160
Rental Properties - cost less accumulated depreciation of \$114,749.	3,810,515	1,735,457	—
(1970 - \$85,655)			124,693
Furniture & Leasehold Improvements - cost less accumulated depreciation of \$119,248	84,201	52,202	58,981
(1970 - \$59,843)			30,500
Deferred Financing Costs	9,842	—	424,672
Goodwill	251,240	181,505	2,316,822
			1,244,931
			588,000
			284,813
			—
			140,321
			\$6,096,444
			\$3,214,639
			1,577,673
			1,577,283
			1,743,946
			1,550,224
			—
			\$9,418,063
			\$6,342,146